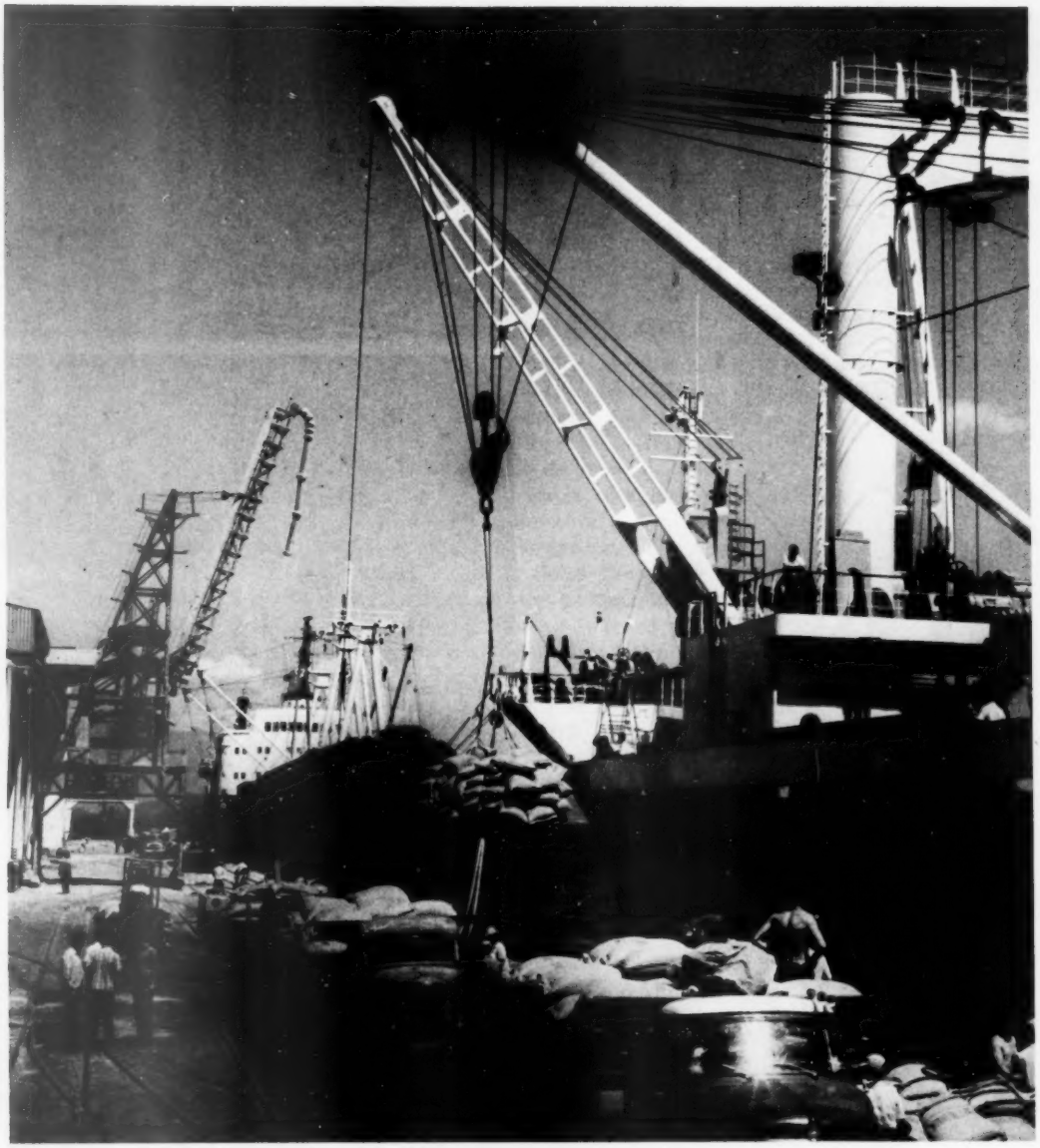
# FOREIGN AGRICULTURE



MAY 28, 1973

World Food Prices

Coffee Trade Future

Foreign
Agricultural
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U.S. DEPARTMENT
OF AGRICULTURE

# FOREIGN AGRICULTURE

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This week's cover:

Much of Brazil's coffee is shipped through the port of Paranaguá, as shown on cover. Last year, a freeze damaged Brazil's coffee crop and set in motion a train of events that are still being felt in the coffee market. An article describing these and other factors affecting coffee prices and supply begins on page 7.


Earl L. Butz, Secretary of Agriculture

Carroll G. Brunthaver, Assistant Secretary for International Affairs and Commodity Programs

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*French shoppers, top, saw cheese priced at $1.20 per pound earlier this month. Above, French boy carries home bread, more than ever the staff of life. Below, dairy cattle fair in Japan, where milk prices have gone up 15 percent.*

# Food Prices Still a World Problem But End of Rise May Be in Sight

THE FOOD PRICE PROBLEM that hit much of the world last year has not yet ended—as evidenced by further gains in national price indices through March 1973 and in prices of selected food items through the first of May.

With agricultural interests worldwide striving for at least a partial recovery this year from 1972's disastrous crop production, some observers are hopeful that the worst may be over. But once again, the price situation hinges on the weather—and its effect on crops during the crucial planting and growing seasons.

An updating of the food survey published in *Foreign Agriculture's* April 2 issue shows that major developed countries through March 1973 continued to show unusually large increases in their price indices. For many of the European nations, this was an extension of trends that developed in early to mid-1972. For the United States, it was rapid acceleration of the price spiral that began the first of 1973, following fairly modest gains in 1972.

In the end, however, none of the 10 nations on which data were compiled managed to keep price increases in the most recent 12-month periods below 8 percent, and in at least one country—the United Kingdom—the gain approached 13 percent.

Skyrocketing meat prices remained the central problem, although in some countries a leveling off has occurred following sharp jumps in the first 2 months of 1973. Prices for some fruits and vegetables also have risen steeply, reflecting crop shortfalls and high consumer demand, with even the homely onion joining products that have "never been dearer."

As a result, consumers and governments the world over continue to focus on prices and ways to curb the ascent without doing irreparable damage to their farm production systems. These efforts have included price freezes on meat and other selected items, easing of trade restrictions to encourage increased food-product imports, and establishment of price review committees and other watchdog groups.

In the European Community (EC), two of the new members—Ireland and the United Kingdom—hold the records for recent advances in food price indices. For Ireland, they were up some 16 percent in the year ended January 1973, while the British gain was about 13 percent for the year ended March 1973. In addition to inflation, these price jumps are also starting to reflect the countries' adjustment from relatively low consumer prices to the higher ones that prevail in the EC.

Despite these trends, some products in the United Kingdom have backed off from their price peaks. Egg and meat prices earlier this month were reportedly a little lower than in April, and apple prices were expected to benefit from the beginning of the shipment season for Southern Hemisphere fruit. However, severe shortages had sharply upped prices for Canary Island tomatoes, Spanish onions, and other vegetables.

In addition, there remained prospects of future price gains in processed and manufactured foods and butter and bacon. Prices of processed and manufactured foods, which have been held down during the country's wage-price freeze, are likely to do some catching up once controls are lifted. Butter and bacon prices are headed sharply higher over the next few years as a result of the United Kingdom's adjustment to EC membership.

In the past, bacon exports to the United Kingdom by Denmark, Ireland, and other suppliers were subsidized by the exporting countries so their products would be competitive in the British market, where low prices have traditionally prevailed. Now that these suppliers are all part of the same system—the EC—their subsidies have been replaced by so-called transitional compensatory amounts, which this year were set much below the original subsidies and will be cut further.

Butter prices will climb also, as the United Kingdom adjusts to the CAP and its traditional supplier of inexpensive butter—New Zealand—progressively loses its share of the market in favor of EC suppliers. Through the first few months of 1973, the United Kingdom had managed to avoid retail price increases for butter, but these are inevitable now that the EC support prices for 1973–74 have been set, with the British intervention price for butter pegged 15.6 percent above the previous year's.

CURRENTLY, BUTTER exports to the United Kingdom from other EC countries are being subsidized, but these subsidies will be gradually eliminated during the United Kingdom's 5-year transition toward full integration with the EC.

Across the Channel, consumers in other EC countries are getting a slight rebate on butter prices, as the Community moves to reduce its butter stockpile. However, this consumer subsidy, amounting to just a little over 5 cents a pound, will probably have little impact on a commodity that sells for well over $1 a pound in the EC, or on the EC price problem in general.

For other products, EC consumers can also see some price relief, or at least expect it before the year's end. But this is following further gains in price indices for the first few months of 1973.

These indices showed food-price gains for the year ended in March 1973 of some 14.5 percent for Den-

mark, about 11.5 percent for Italy, and nearly 9 percent for Belgium. Indices were up over 8 percent in West Germany and about 8 percent in France and the Netherlands (for the year ended in January).

Among these countries, Belgium still is confronted with increasing prices, although the rate is slowing. Retail beef prices there, which are subject to controls, were adjusted upward by about 3 percent during April as a result of seasonal factors and higher meat processing costs. Also, the shortage of yellow onions and potatoes has led to phenomenally high prices for these items in Belgium, as in most other countries of Western Europe.

West Germany also continues in the midst of rapid inflation, with food prices reportedly leading the upward thrust again in April. Contributing to the gains have been smaller beef supplies, stagnating pork production, tight fruit and vegetable supplies, and growing costs of food processing. On the other side, large wage increases, coupled with strong consumer demand, continue to fan inflation.

As in the United States and several other countries, rising meat prices were met by a meat boycott, but its impact reportedly has only been of local importance. Consumer organizations indicate that "strikes" and use of "less expensive" foods only shift price increases to other products.

At the same time, Germans have reacted unfavorably to the recent decisions in Luxembourg on EC support prices for agriculture, which are viewed by consumers and the press as decisions "against the consumers and for more inflation." This has strengthened the demand for revision of agricultural policies.

Because the current structure of livestock inventories suggests only moderate year-to-year changes—and because of high protein and feed prices—analysts in their short-term forecasts do not foresee much change in the meat situation. Forecasts also indicate some moderate price increases for milk and cheese.

In the Netherlands, rising food prices have recently ceased to be a major issue, mainly because the earlier steep climb in prices has flattened out, and in France tax cuts and other Government measures have reportedly helped to ease inflation.

In Japan, food prices climbed nearly 10 percent in the year ended March 1973, accelerating sharply in the last 3 months. These gains evoked further consumer concern, although not as much as might be expected for a country where even the most basic products are expensive. About 3 months ago, Japanese consumers protested vehemently a 15-percent increase in the price of milk, with housewives demanding a rollback in prices. However, the controversy has since died.

In Argentina, consumers have been beset by rampant inflation, including sharply higher food prices. The consumer price index in March 1973 exceeded February's by 8.8 percent, recording a 22.2-percent gain for the first quarter of 1973 and a 76.6-percent rise since March 1972. For crops, reduced production last year contributed to the price gain. In addition, strong export demand attracted large amounts of Argentine meat and other farm products, inflating prices.

While most crops this year are rebounding sharply from the 1972 shortfall (except for apples, which are estimated off 57 percent in 1972–73), the strong export demand will continue to influence consumer prices.

In Australia, the world's largest exporter of red meat, consumers have been up in arms over soaring beef prices, staging meat boycotts and other demonstrations of their displeasure. Since rains have relieved drought in South Australia, allowing a cutback in slaughter, this could result in a further rise in domestic prices. In the meantime, Australia can export all the meat available for shipment as a result of the continued strong foreign demand.

Food prices in general have risen so fast in recent months that the Joint Parliamentary Committee on Prices has been formed. In addition, the Labor Government has proposed to establish a Prices Justification Board, which would have to be notified of any proposed price increases.

The factors that affected food prices abroad converged to push up prices in the United States, but the gain here was telescoped into a much shorter period of time.

*(Continued on page 16)*

RECENT FOOD PRICE CHANGES IN SELECTED INDUSTRIALIZED COUNTRIES, 1973

| Country | Month | Index 1963=100 | Change from previous month | Change from 3 months | Change from 1 year |
|---|---|---|---|---|---|
| | | | *Percent* | *Percent* | *Percent* |
| United States | January | 141.0 | 2.06 | 2.96 | 6.90 |
| | February | 143.8 | 1.94 | 4.55 | 7.28 |
| | March | 147.5 | 2.59 | 6.75 | 9.89 |
| Canada | January | 142.7 | 1.93 | 3.18 | 9.94 |
| | February | 144.3 | 1.12 | 4.49 | 10.24 |
| | March | 144.8 | .35 | 3.43 | 10.96 |
| Japan | January | 172.5 | 1.53 | 1.23 | 6.61 |
| | February | 174.6 | 1.22 | 3.93 | 7.58 |
| | March | 181.4 | 3.89 | 6.77 | 9.87 |
| United Kingdom | January | 172.2 | 1.95 | 4.43 | 10.10 |
| | February | 175.3 | 1.80 | 5.35 | 11.23 |
| | March | 178.6 | 1.88 | 5.74 | 12.68 |
| Denmark | January | 189.7 | 0 | 1.10 | 8.88 |
| | February | 195.9 | 3.27 | 3.80 | 11.76 |
| | March | 197.0 | .56 | 7.07 | 14.53 |
| Germany | January | 131.5 | 1.00 | 2.18 | 7.88 |
| | February | 132.4 | .68 | 2.40 | 8.08 |
| | March | 133.3 | .67 | 2.38 | 8.37 |
| Italy | January | 144.4 | 1.05 | 2.41 | 9.81 |
| | February | 145.7 | .90 | 2.68 | 10.38 |
| | March | 147.7 | 1.37 | 2.36 | 11.47 |
| Belgium | January | 153.7 | .72 | 2.54 | 9.01 |
| | February | 154.0 | .20 | 1.65 | 8.60 |
| | March | 154.8 | .52 | 1.44 | 8.93 |
| Netherlands | January | 160.1 | .50 | 2.30 | 8.03 |
| France | January | [1] 119.2 | —.33 | .59 | 7.97 |
| | February | 120.0 | .67 | .67 | 7.82 |
| | March | 120.8 | .67 | 1.00 | 8.05 |

[1] Index, 1970=100. National statistical series for selected countries.

# What Consumers Are Paying In the World Marketplace

FOOD PRICE INDICES measure changes in prices of representative food items, weighted in accordance with a country's consumption patterns. However, two basic problems are involved in comparing changes in food price indices between countries: Price levels are different and eating habits are different.

Therefore, in order to obtain a general idea of actual price levels in various countries, FAS agricultural attachés were asked to obtain prices for items that rank high in U.S. food budgets.

Even though every attempt was made to obtain prices for comparable items, there are still differences in quality between countries. This is especially true for red meats, which vary not only in finish and tenderness, but in the types of cuts as well.

The results of the attachés survey, shown in the table, indicate that food prices in Washington, D.C., although high for the United States, are generally below those in the capitals of the major industrialized countries.

IF THE PRICES of each item are ranked from the highest to the lowest, U.S. prices for 11 of the 14 items are below the median (or mid-point) of the 14 countries. U.S. prices of cheese and bread are about equal to the median price. Only U.S. prices of onions are above the median, but only slightly above and are high currently because of unusual weather.

But, of course, eating habits also vary enormously. A Japanese homemaker would be stocking up on rice and fish, supplementing such dishes with minute quantities of beef and somewhat larger portions of poultry and fresh domestically produced vegetables.

A German consumer would typically have more pork than beef, a high level of dairy products and starchy foods, and less fruits and vegetables than the typical U.S. consumer.

Except for Japan, beef abroad would vary markedly from the highly finished variety popular in the United States, with different cuts than here going under such names as rumpsteak, entrecote, and bifteck. Generally this would be leaner and less tender.

SURVEY OF RETAIL FOOD PRICES IN SELECTED CITIES EARLY MAY, 1973

*[In U.S. dollars per pound, converted at current exchange rates]*

| City | Sirloin steak | Chuck roast | Pork chops | Ham, cured, whole | Bacon, sliced, pkged. | Cheese (Cheddar, Edam, Gouda) | Butter |
|---|---|---|---|---|---|---|---|
| Bonn | [1]3.84 | 2.08 | 1.46 | 2.85 | 2.75 | 1.26 | 1.27 |
| Buenos Aires | .74 | .44 | .56 | 1.62 | 1.02 | 1.05 | .67 |
| Brazilia | .82 | .58 | 1.76 | 1.52 | 1.55 | .94 | .62 |
| Brussels | 2.78 | 1.69 | 1.57 | 2.87 | 1.08 | 1.09 | 1.31 |
| Canberra | 1.66 | 1.08 | 1.17 | 1.85 | 1.21 | 1.04 | .82 |
| Copenhagen | 3.57 | 1.67 | 2.05 | 2.91 | 2.33 | 1.31 | 1.26 |
| London | 2.59 | 1.42 | 1.27 | 1.42 | .75 | .75 | .57 |
| Ottawa | 1.82 | 1.17 | 1.45 | .97 | .84 | 1.22 | .75 |
| Paris | 2.29 | 1.12 | 1.54 | 3.48 | 3.09 | 1.20 | 1.40 |
| Rome | 2.88 | 2.22 | 1.81 | 3.16 | 1.42 | 1.52 | 1.09 |
| Stockholm | 4.03 | 1.90 | 2.10 | 2.59 | 1.91 | 1.64 | 2.10 |
| The Hague | 2.53 | 1.29 | 1.70 | 2.39 | 2.44 | 1.09 | 1.01 |
| Toyko | 12.86 | 6.26 | 2.49 | 3.09 | 2.74 | 1.50 | 1.40 |
| Washington, D.C. | 1.79 | 1.29 | 1.55 | 1.05 | .99 | 1.23 | .77 |
| Median | 2.56 | 1.36 | 1.56 | 2.49 | 1.49 | 1.2 | 1.051 |

| City | Broilers, whole | Eggs, large, doz. | Tomatoes | Onions, yellow | Apples, medium | Oranges, medium, doz. | Bread, white |
|---|---|---|---|---|---|---|---|
| Bonn | 0.66 | 0.97 | 0.65 | 0.23 | 0.31 | 1.08 | 0.45 |
| Buenos Aires | .45 | .54 | .23 | .09 | .25 | .65 | .18 |
| Brazilia | .41 | .59 | .15 | .40 | .31 | .41 | .69 |
| Brussels | .89 | .99 | .83 | .28 | .30 | 1.24 | .20 |
| Canberra | .74 | .95 | .60 | .23 | .35 | 1.28 | .30 |
| Copenhagen | .96 | 1.01 | .40 | .58 | .58 | 1.28 | .18 |
| London | .55 | .37 | .80 | .35 | .40 | .90 | .15 |
| Ottawa | .63 | .69 | .33 | .50 | .16 | .89 | .25 |
| Paris | .68 | .93 | .55 | .24 | .39 | .57 | .37 |
| Rome | .72 | .76 | .50 | .34 | .25 | 1.71 | .37 |
| Stockholm | 1.01 | 1.13 | .67 | .49 | .38 | .81 | .48 |
| The Hague | .52 | .89 | .46 | .30 | .35 | .58 | .14 |
| Toyko | .94 | .78 | .50 | .30 | .95 | 2.82 | .39 |
| Washington, D.C. | .45 | .69 | .49 | .39 | .33 | .69 | .32 |
| Median | .67 | .84 | .50 | .32 | .34 | .90 | .31 |

[1] Rump steak.

NOTE: Items may vary by quantity and type. Prices of some may be distorted owing to different marketing practices.

Price survey by U.S. Agricultural Attachés on or about May 2, 1973.

# Joint Marketing Spurs Exports Of U.S. Registered Holsteins

By FORD M. MILAM
*Livestock and Meat Products Division*
*Foreign Agricultural Service*
and JAMES M. LEUENBERGER
*Director of Information*
*Holstein-Friesian Association of America*

EXPORT SALES of U.S. registered Holsteins rose to a record 4,041 head in 1972, largely as a result of combined marketing efforts by FAS and Holstein-Friesian Services, Inc. (HFS), a subsidiary of the Holstein-Friesian Association of America (HFAA). Of total 1972 sales, 3,000 animals, primarily heifers, were exported through HFS—more than double the total shipped in 1971.

Dairy-producing countries, which import U.S. purebred dairy cattle to upgrade their herds and improve milk production, are reportedly pleased with the high-quality U.S. animals, and sales should continue to surge upward this year. In 1972, major shipments of U.S. registered Holsteins went to Spain, Italy, Costa Rica, Honduras, Hungary, Japan, Mexico, Turkey, and Yugoslavia.

Other world markets receiving registered Holsteins from the United States last year were Africa, Argentina, Brazil, Bulgaria, Canada, Dominican Republic, Ecuador, El Salvador, France, Iran, Korea, Netherlands, Nicaragua, Soviet Union, Switzerland, Morocco, and West Germany.

Total Holstein exports—including nonregistered animals—were over 17,000 head last year, representing 92 percent of all exports of U.S. dairy breeding cattle. Of these, 11,279 head, or about 66 percent, were purchased by Mexico. Nonregistered cattle are used by importing countries to expand milk output, rather than as breeding stock.

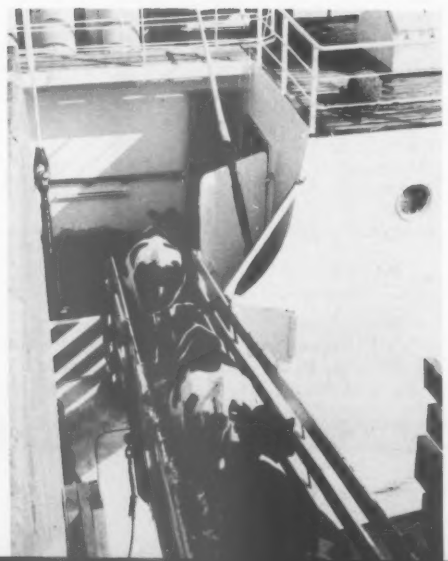
HFS's principal emphasis is to provide an export marketing service for U.S. cattle breeders—offering an alternate way of deriving income from dairying—and to assist other countries to purchase U.S. registered Holsteins at reasonable prices.

HFS personnel work closely with FAS's Livestock and Meat Products Division and Agricultural Attachés under a cooperator agreement for promotion and sale of livestock and semen. Joint activities include participation in international trade fairs, local trade shows, seminars, and technical assistance missions, where foreign buyers are exposed to the characteristics of the U.S. Holstein animals. In 1972, U.S. Holsteins were exhibited at Yugoslavia's Novi Sad Agriculture Fair and Spain's Feria Internacional del Campo show.

Since requests from foreign Holstein buyers vary widely, HFS tailors its assistance to meet the differing needs of prospective purchasers. Although most requests are for groups of Holsteins for establishing herds, many are for individual animals or a select few foundation animals from a certain bloodline or a specific bull. Importers may also prefer to select animals from a certain breeder or area.

The FAS Cooperative Project provides HFS with a tool for assisting foreign breeders to come to the United States to select animals that meet their requirements. One of the aids used in locating cattle with specific characteristics is HFAA's official performance pedigrees. Now nearing 10 million total registrations, HFAA annually registers over 70 percent of U.S. purebred dairy cattle. In most leading dairy States, registered Holstein-Friesians and their grade descendants account for about

*(Continued on page 16)*



*Bon Voyage. U.S. registered Holsteins begin their journey to new homes in Honduras—one of the many countries where U.S. breeding stock is upgrading herds and improving milk production.*

# The Coffee Trade: Problems and Uncertainties For Future Years?

By LESLIE C. HURT
*Sugar and Tropical Products Division*
*Foreign Agricultural Service*

THE WORLD COFFEE TRADE, which has passed through some disturbed periods in the past, is faced by a future beset by more uncertainties than perhaps the trade has ever known.

Within the past year, several phenomena, which affected the market and the world coffee situation, have contributed to the current feeling of unease. Included among these were: Frost and cold-weather damage in Brazil; provisions and operation of the International Coffee Agreement; activity on the "C" Futures Contract market; devaluation of the U.S. dollar; price controls placed on roasted coffee by the U.S. Price Commission; and restriction of coffee supplies by the Geneva Group.

Beginning about mid-1972, the market became "anticipatory," reacting strongly and promptly to factors whose impact was potentially important, rather than actual.

Green coffee prices began to increase substantially immediately after the July 8–9, 1972, frost in Brazil. Supply reduction, however, due to frost damage, should not have been felt until the 1973–74 harvest beginning about May 1973.

Stocks were considerably lower, however, in 1972, and prices reacted more quickly than in 1969. There was a similar severe frost in that year, but several months passed before prices increased.

In the fall of 1972 there were indications that quota and price provisions of the International Coffee Agreement might lapse, as well as prospects that equilibrium between supply and demand would be reached. Coinciding with this was a flurry of trading in the "C" Futures Contract market. Devaluation of the dollar on February 12, 1973, also had a psychological effect.

Beginning about mid-November 1972—after 8 years of virtual dormancy, when "C" Future Contracts were often unquoted—the number of contracts traded in a single day often amounted to some 1,500 to 2,000 lots. Much of the trading was by persons outside the coffee sector. While it would be difficult to measure the price effect of this increased futures trading, it probably strengthened the market.

"C" contract activity peaked about the end of February 1973 and declined rather sharply in early March, narrowing the spread between futures and actuals. Futures trading of coffee is not regulated as are transactions in some other commodities, because coffee is not one of the commodities governed by the U.S. Department of Agriculture's Commodity Exchange Authority (CEA). However, at a February CEA meeting to discuss commodity futures options, concern was expressed that burgeoning activity in unregulated commodities could result in a collapse of option trading, with substantial losses to option holders.

The 10-percent devaluation of the U.S. dollar on February 12th also influenced prices. There was an immediate upward price movement as U.S. roasters sought to purchase supplies of coffee. "C" Contracts reacted quickly and went up on February 13 to the permissible 200-point limit.

And the largest supplier of coffee to the United States—Brazil—devalued by 7 percent in mid-February. Because some 25–30 percent of U.S. coffee imports come from Brazil, this action was seen to be significant.

Those large coffee suppliers to the U.S. market whose currencies were not tied to the dollar reacted by raising their asking price to offset losses in regard to the dollar or in terms of third country currencies. Such requests, coupled with moves to withhold stocks from the market, often represented overreactions.

During the 2-week period following devaluation, prices rose about 4 to 5 cents per pound. However, factors other than the devaluation contributed to this increase.

Coffee has recently been subject to more regulatory activity than in the past. An order by the Price Commission on August 17, 1972, rescinded volatile pricing on green coffee beans and raw materials derived directly therefrom. The order limited increases in coffee and coffee-product prices.

(Volatile pricing means that roasted coffee prices can be raised in proportion to increases in green coffee prices without obtaining approval from the Commission.)

Phase III of U.S. price controls was announced in early January 1973. Under this phase prior approval by the Federal Government will not be required for changes in wages and prices; however, it did retain controls in the food processing industry. Coffee, therefore, was to continue under price regulation.

At the time Phase III was announced, it was also revealed a Cost of Living Council Committee on Food would be established. This Committee will review Government activities which significantly affect food costs and prices. On February 27, however, it was announced that coffee has been restored to the list of volatile commodities.

COFFEE MAY ALSO COME under another form of regulation. The Standard Regulations Committee of the National Coffee Association reported to the Board of Directors on January 28, 1973, that it expects the Codex Alimentarius Commission to develop coffee standards.

The Board of Directors then declared: "The National Coffee Association recognizes the Codex Alimentarius Commission as the senior international body on food standards and believes Codex may become involved in coffee standardization. Hence, it is resolved that the National Coffee Association, through its Standards Regulations Committee, will cooperate in those standards-making activities and will proceed with necessary programs to prepare for this eventuality." (See article on Codex, page 10.)

On December 12, 1972, one form

of control ceased. On that date—for the first time in almost 10 years—there were no export quotas in effect under an International Coffee Agreement. This resulted from the inability of the producing- and consuming-country members to agree on quota or price provisions at the ICO meeting in London in early December 1972.

The quota and price provisions which then lapsed are not expected to be reinstituted prior to expiration of the Agreement September 30, 1973.

Producing countries, representing over 90 percent of world coffee exports, through their organization known as the Geneva Group, declared at that time they would exercise their own quota restrictions. Export stamps were still to be issued by the ICO but only up to a producing country's coffee availability for export. Requests for stamps were considerably in excess of producer-pact quotas, however, and give evidence that the Geneva Group may be losing some of its effectiveness.

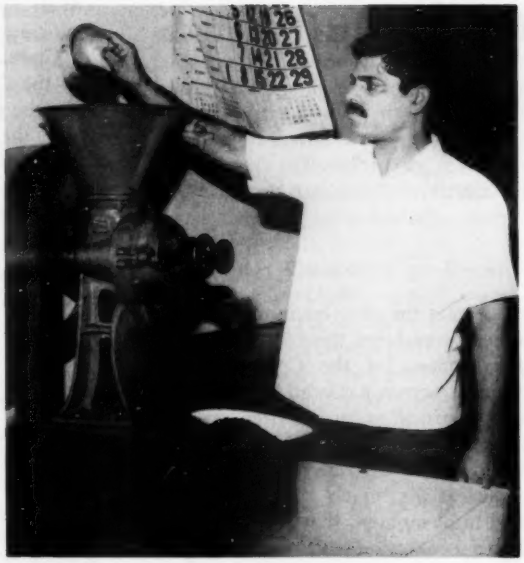
GREEN COFFEE PRICES showed a dramatic increase during December 1972 and January and February 1973, influenced more by apprehensions than by any coffee shortage. These increases were primarily for Colombians. Other Milds, and Unwashed Arabicas; Robustas showed little change. Robustas were characterized by heavy carryover stocks which undoubtedly resulted in its price stability.

It is difficult to measure the relative importance of factors causing the price increases. The continued existence and operation of the Geneva Group to control supplies on the market, as well as increased activity in "C" Futures Contracts, anticipation of a low 1973–74 crop-year production in Brazil, and other uncertainties all tended to boost the market. However, U.S. price increases for roasted coffee have lagged considerably behind green prices.

The retail price of a 1-pound can of roasted coffee averaged 95.1 U.S. cents in December 1972 compared with 92.1 U.S. cents in January of the same year. Green coffee prices (Santos 4's Brazils) were at 56.29 U.S. cents and 44.27 U.S. cents per pound in December and January 1972, respectively.

On a worldwide basis, coffee consumption has more or less stabilized for importing countries, but is still increasing for producing countries. World requirements of coffee for importing

*Improved techniques help world coffee output meet demand. Above a terraced field in Kenya. Below, a contour-planted plantation in Brazil.*



*Left, dusting coffee trees in Brazil to control the coffee borer. Above, Indian coffee, that moves in world trade, being ground by a Bombay merchant.*

countries seem to have reached a plateau of about 54 million bags. Although shipments for 1971–72 were about 4 million bags higher, inventories were built up by importers and in depots.

Consumption of coffee in the United States has varied little in the past decade and declined on a per capita basis until 1972. The Economic Research Service of the U.S. Department of Agriculture estimates U.S. per capita consumption on a green-coffee-equivalent basis for 1972 at 13.9 pounds. This compares with 13.3 pounds for 1971. It is too soon to conclude that the downward trend in consumption has been halted or reversed. This estimate, however, does give some hope for the future.

Imports of soluble coffee into the United States during calendar 1972 increased to 1,278,000 bags (green-coffee equivalent), compared to 813,000 bags for 1971. Imports of green coffee used for soluble coffee consumed in the United States have continued to increase despite an extraction rate that has dropped from 3 pounds of green coffee required to produce 1 pound of soluble in 1961 to 2.5 pounds for 1971. Freeze-dried instant coffee is taking an ever increasing portion of the soluble market.

For many years major coffee producers had large carryovers, but now on a worldwide basis they have reached a state of approximate equilibrium. This is generally recognized by the producing and consuming members of the ICO.

Carryover stocks were estimated by ICO for the end of the 1971–72 year at 45.6 million bags. However, it should be noted that verification of stocks by ICO was not always at the end of the coffee season. The estimate shows there has been a large drawdown of stocks for Brazil, but there has been a buildup in the Robusta countries of Africa and in some Other Milds countries last year.

CONSIDERING the supply-demand situation, ICO members did not set quotas under the Agreement for the remainder of the 1972–73 year when they met in December. In planning for renegotiation of an Agreement to replace the present one, which expires September 30, 1973, there was an Executive Board session during the week of February 26. The Board noted a working group recommendation that the Agreement be extended without economic provisions, and decided there would be Board meetings from April 5–11, followed by Council meetings, April 12–14. The Council agreed to extend the Agreement (subject to ratification) for 2 years without economic provisions. The framework of the ICO would be maintained for statistical purposes and as a forum for negotiating a new agreement.

Provisions which these meetings eliminated included quotas and price ranges, as well as collections for a Diversification Fund and controls. Of all the projects approved under the Diversification Fund, none have been named to replace coffee.

Recent high prices might encourage new coffee plantings, and there is concern in some quarters that this will be widespread. Already, Brazil and the Ivory Coast have announced plans to raise production levels.

The Ivory Coast plans to plant new trees at an increasing rate, and to raise production from 240,000 metric tons in 1970 to 305,000 tons in 1980.

On February 4, 1972, the National Monetary Council in Brazil approved a US$740 million 3-year coffee tree planting program for Brazil. In a speech in late January 1973, the President of the Brazilian Coffee Institute stated that planter response to the program to plant new trees had been greater than anticipated. He said the 3-year plan to plant 600 million trees would probably be achieved in only 2 years, and the goal might be raised to 900 million trees in the 1972–75 period. Nevertheless, he added, coffee supplies from Brazil would be tight until 1978 when the new trees would be in full production. The original objective of the planting program was to raise production from 22 million to 27 million bags.

The biggest unknown and certainly one of the most important factors in the future world coffee situation is what happens in Brazil. So far coffee leaf rust, which has spread to all producing areas in Brazil, has not substantially reduced production. The trees are reportedly recovering well from the July 1972 frost damage, and the 1974–75 crop could be the largest in recent years.

It is also expected that prices received the past several months will stimulate greater use of fertilizers and increased production in many countries. Concern has been expressed in some producing countries that increased plantings in a few years might again lead to an oversupply of coffee and low prices. While this could happen, it is very unlikely that the world will have the large carryovers of the 1960's.

# Ten Years of Codex Alimentarius —A Progress Report

By L. M. BEACHAM
*Assistant to the Director, International Standards*
*U.S. Food and Drug Administration*

AFTER 10 YEARS of the slow and intensive labor that goes into most multinational efforts to achieve joint action, Codex Alimentarius is within sight of at least some of its goal of international food standards.

More than 40 standards and codes of practice have moved up through the eight formal preliminary steps and have been submitted to member countries for acceptance.

These include eight standards dealing with sugars, seven for canned vegetables, and nine for vegetable oils, in addition to a standard for olive oil and a general standard for fats and oils not covered by individual standards. There are also four standards for animal fats, one for margarine, three for fishery products, three for mushroom products, and a standard for quick frozen peas.

In addition, there is a general standard for labeling prepackaged foods; three series of tolerances for pesticide residues; recommended methods of analysis for sugars, fats and oils, and processed fruits and vegetables; and a code of practice covering general principles of food hygiene.

At recent sessions of the Codex Alimentarius Commission about 20 more standards received final approval and are now being printed, after which they will be submitted to member countries for adoption. These include more canned and frozen fruits and vegetables, fish, foods for special dietary uses, and codes of hygienic practice for several specific classes of foods.

Indicating the widespread interest and support for the program is the number of member countries now participating that will be asked to consider the Codex standards for adoption. From an initial membership of 30 countries, the Codex Alimentarius Commission has grown to 98. These include the major producing and consuming countries of the world, with the notable exception of the Soviet Union.

Despite the slow beginning and detailed procedures, the first phase in the development of the Codex Alimentarius program has been quite successful. A critical point has been reached, which will ultimately determine whether the program will achieve the objective for which it was conceived and implemented, that is, the creation of a collection of internationally adopted food standards that harmonize the legal requirements of the participating countries, thereby facilitating international trade and affording consumers sound, wholesome products, informatively labeled in a uniform manner.

The success of the Codex program will be measured by the extent and promptness with which its recommended standards are adopted and put into effect by member countries.

A country may accept a standard in one of the following three ways:

- A nation may accord the standard full acceptance—meaning that it will permit products complying with the standard to be distributed freely under the name and description laid down in the standard. It will also insure that products not complying with the standard, including domestic products, will not enjoy this freedom.
- A country may accept a Codex standard with minor deviations, which means that the country accepts the standard except for certain deviations that are judged to be minor by the Commission. In this case, a product complying with the standard except for minor deviations will be permitted to be freely distributed in the country concerned.

In expressing such conditional acceptance, the country states clearly what the deviations are, the reasons for them, whether products fully complying with the standard may be distributed freely in spite of the deviations, and whether it expects to give full acceptance at some future time.

Such deviations are of course less significant when the requirements of the Codex standard are more stringent than those of the country exercising the deviation. When the reverse is true, the deviation may often render acceptance of the standard largely meaningless.

- A country may accord "target acceptance" to the recommended standard by indicating an intention to accept the standard after a stated number of years, and stating that it will not hinder the distribution of products complying with the standard, but will not require them to comply.

The concept of target acceptance is particularly attractive to developing countries that are not now able to require compliance with the standard in their own domestic production, or to enforce such requirements against imported products.

AT THE NINTH Session of the Codex Alimentarius Commission in Rome in November 1972, a substantial number of countries reported full acceptance of several standards now awaiting such action. However, these represented predominantly importing countries, also many developing countries.

A few countries have indicated target acceptance at some future dates. The more developed countries and those producing the products to which the standards apply usually have either not yet responded or have indicated acceptance with numerous deviations. This has emphasized that acceptance with minor deviations is not a feasible and satisfactory approach in all cases.

The Ninth Session of the Commission, therefore, agreed that it would be desirable for the Codex Committee on General Principles to reexamine the concept of acceptance with minor deviations, and perhaps to develop some acceptable alternative. The next meeting of this Committee is tentatively scheduled for November 1973.

In order for the United States to accept a Codex standard fully or with minor exceptions, it will be necessary to have a standard in effect under Section 401 of the Federal Food, Drug, and Cosmetic Act (except for meat and poultry products that come within the jurisdiction of USDA), which will have requirements corresponding to those of the Codex standard.

The language in the FDA standard need not be identical, but the substantive requirements must be the same. In many instances, this will require promulgation of standards when none exist at present; in others, it will require amending existing standards.

To initiate this procedure, FDA published an announcement in the Federal Register of October 5, 1972. It contained a proposed new paragraph, 10.8 in Title 21 of the Code of Federal Regulations dealing with consideration and acceptance of Codex Alimentarius food standards.

It also proposed amendments to the existing FDA standard for canned sweetcorn, presented a proposal submitted by the Corn Refiners Association to establish standards of identity for certain nutritive sweeteners, and a proposal to establish standards of identity and quality for frozen peas advanced by the American Frozen Food Institute.

Without proposing any specific action, the announcement also contained the verbatim text of the Codex standards for nine edible vegetable oils, with an invitation for all interested parties to comment on their content and the matter of their possible adoption by the United States. In the next few months, similar actions will be taken in respect to many of the other Codex standards now awaiting action by the United States.

THE CODEX PROGRAM for adopting tolerances for pesticide residues is encountering some difficult problems. These arise out of the desire of importing countries, chiefly north European and the European Community countries, for very low tolerances for consumer-ready food, and the need of producing and exporting countries for higher tolerances related to the conditions under which foods are grown and raw agricultural products as they are harvested. It is difficult to reconcile these two completely different points of view toward pesticide residues.

There also appears to be some need for a modification of the usual acceptance procedure of Codex standards in the case of pesticide residue tolerances. As previously indicated, acceptance by a country commits that country to apply the Codex requirements to its domestic production as well as to imports. Owing to climatic conditions, special types of infestation, and other circumstances, however, pesticides may be required in one country that are not needed or are needed in much lighter application in other countries. In the face of such differing needs, it is difficult to reach agreement on a residue figure that will be universally acceptable.

The next Committee on Pesticide Residues will probably consider recommendations for exceptions to the acceptance procedures to permit a given country to apply a low tolerance to its domestically produced product, but apply higher tolerances to the same food product imported from other areas, where a valid need for the higher residues has been recognized by the Commission.

The Codex Committee on Fats and Oils will meet again in the spring of 1974 for the first time in several years. It is expected to begin working at that time on possible standards for coconut oil, palm oil, palm kernel oil, low fat spreads, certain fish or marine oils, and gas-liquid chromatographic criteria for fats and oils.

The Committee on Sugars will meet again after a lapse of several years and will consider methods of analysis, sampling, and possibly a standard for fructose.

Aside from the routine program of Codex Alimentarius, plans are in progress for a Joint FAO/WHO Conference on Food Additives and Contaminants which will be held late this year, either in Geneva or Rome. Items on the proposed agenda include a review of general principles regarding the use of food additives and consideration of problems of food contamination resulting from environmental pollution. Another agenda item would deal with measures and international actions required to afford a better appraisal of existing levels of contaminants in foods and to assess their hazards in the light of food consumption patterns around the world.

A Joint WHO/FAO Regional Conference for Africa on standards is scheduled for September, but the location has not yet been agreed upon. Its objective will be to promote harmonization of food legislation in the African countries, to identify African commodities for which Codex standards may be needed, and to assess the need for suitable food control services and other resources.

## International Food Standards Sought

Codex Alimentarius—translated freely as code of food standards and regulations—is a collection of internationally adopted food standards drafted and presented in a uniform manner. The purpose of these standards is to protect consumer health by insuring wholesome, acceptable foods, and to promote fair practices in world food trade.

Publication of the standards is also intended to harmonize food definitions and requirements in different countries, and in doing so, facilitate international trade.

The Codex Alimentarius Commission was created by the Food and Agriculture Organization (FAO) and the World Health Organization (WHO) and held its first session in Geneva in October 1962. FAO and WHO jointly administer and fund the Commission. Membership is open to all FAO or WHO members and associate members that are interested in international food standards.

A number of expert committees have been established to draft standards for submission to the Commission, which then transmits them to governments for comment, and eventually for acceptance or rejection. Committees may be designated to deal with a general subject, such as labeling, which is the responsibility of a committee sponsored by Canada, or may be restricted to a specified class of foods such as fish and fishery products, now being handled by a committee under Norway's leadership.

Codex standards will eventually be developed for all principal foods—processed, semiprocessed, or raw—that go into consumer distribution channels.

## U.S. COTTON EXPORTS ARE HIGHEST SINCE 1963

U.S. raw cotton exports during the first 8 months of the current season reached 3.1 million running bales—only 150,000 bales shy of total exports for the 1971 season. Monthly shipments have considerably exceeded 500,000 bales for 4 consecutive months and during March reached 677,000 bales—the highest monthly figure since December 1964. Exports for the 1972–73 season are estimated at 4.7 million bales, the highest level since 1963–64, nearly matching average annual exports during the early sixties.

The strong demand for U.S. cotton this season is attributable to a continued rise in cotton consumption abroad and to a significant production shortfall in the People's Republic of China which resulted in that country buying heavily in a number of markets, including a number of shipments from the United States.

Shipments to European destinations have been sharply higher this year. Total exports of 862,000 running bales during August through March to those countries are roughly 50 percent greater than those for the 1971–72 season and represent 28 percent of total exports (compared with 21 percent last season). Increases were spread among most of the larger markets, France, the Federal Republic of Germany, Italy, the United Kingdom, and Belgium, and extend especially to Romania, Switzerland, and Spain. (Exports to Spain of 75,000 bales for the August-March period have not attained that level since 1961.)

Exports of 2.2 million bales to non-European destinations August through March were also higher than those for the same period last season. Dominant factors were large shipments to Japan (largest single U.S. market) and the first recorded shipment of 40,700 bales of the large quantity of cotton sold to the People's Republic of China. Exports to Japan have been maintained at a level between 150,000 and 200,000 bales for 4 consecutive months, bringing the 8-month total to 844,000 bales—more than total annual shipments the past 2 years.

Exports to most Far East destinations have shown an increase; the Philippines, Taiwan, and South Vietnam are the important exceptions. Substantially larger shipments have gone to Bangladesh and Hong Kong this season than last; South Korea, Thailand, and Indonesia have also been larger buyers.

Total value of exports (August 1972–March 1973) was $485.7 million, compared with $328.4 million the same months last season. The average bale value, however, differs little from last season's figure, much of this cotton having been sold prior to the sharp rise in prices in recent months.

### Textile Imports Show Divergent Trends

In the 12-month period ending January 1973, cotton textile imports totaled 1.89 billion square yards, up 12.5 percent from the previous 12-month period. Imports of manmade fiber textiles rose to 4.4 billion square yards, only slightly above the previous year. The ratio of imports to U.S. consumption of cotton textiles was 14.5 percent, higher than any previous year except calendar 1972.

The increase in cotton textile imports arises from a number of factors: Some bilateral-agreement countries are now filling larger portions of their increased quotas, other countries are overshipping quotas by substantial amounts, there have been rapidly expanding imports from certain East European countries, and Mainland China and Ghana have opened sizable markets in the United States.

Although in the first 2 months of 1973, imports of cotton, wool, and manmade-fiber textiles each showed a drop in volume compared to the first 2 months of 1972, the dollar value for each increased. Consequently, the balance of textile trade continued to deteriorate.

### Mexico Cuts Beef Exports

As a result of rising meat prices, Mexico has announced a temporary reduction in the volume of beef being exported and a decrease in the live cattle export quotas for 1972–73 (September–August) and 1973–74. For about the next 2 months each beef exporting plant will be given an export license for 15 days at a time, which allows exports of half the amount shipped during this period last year.

The 50,000-head reduction in the live cattle export quota for the remainder of this year is only on paper since the actual quota still remains at 958,000 head. A 200,000-head cutback, however, is proposed for 1973–74.

Almost all of Mexico's live cattle and beef exports come to the United States, which in 1972 took 82 million pounds of beef and veal and 916,000 head of cattle.

### Led by U.S. Gains, World Cotton Output Sets Record

World cotton production in 1972–73 (August–July) is estimated at 59.5 million bales (480 lb. net), compared with the former record of 57.1 million in 1971–72. Production in the United States, at 13.75 million bales, is 3.4 million higher than a year earlier. Credit for the larger U.S. crop is shared about equally between increased acreage and higher yields.

Foreign production is now placed at 45.7 million bales, down 1 million from last year. Production in Communist countries in 1972–73 is set at 18.1 million bales, down from 18.8 a year earlier. An increase of 400,000 bales in the Soviet Union to 11.5 million was more than offset by a drought-reduced harvest in the People's Republic of China. In non-Communist countries, 1972–73 production is estimated at 27.6 million bales, compared with 27.9 million last season.

Production shortfalls of 750,000 bales in India, 200,000 bales in Sudan, and lesser amounts in a few other countries were mostly offset by increases elsewhere, particularly in Argentina, Bolivia, Greece, Iran, and Turkey.

World cotton area is estimated at 83.1 million acres, up from 80.7 million in 1971–72. Average yield for 1972–73 is 343 pounds per acre.

# CROPS AND MARKETS

### United States Grants Cash And Food Aid to Bangladesh

The United States has agreed to donate $32.5 million in cash grants to aid Bangladesh and to provide 47,000 tons of high–protein blended foods for the country's school children.

The money will be made available as a $30-million bilateral aid agreement between the United States and the Government of Bangladesh and a $2.5-million contribution to finance the United Nations Relief Operation in Bangladesh (UNROB) until the end of 1973. The blended foods will be contributed through UNICEF.

The $30-million bilateral aid agreement, signed in Dacca in April, will finance programs emphasizing food and agricultural production and rural rehabilitation and development. Grant funds may be used to finance the purchase of foodgrains, fertilizer, high-yielding seed, and pesticides.

The food grant will provide instant corn-soya-milk (CSM) and wheat-soya blends, mostly to children of primary school age, and will enable UNICEF to feed the children at school and other centers until the end of the year.

Under UNICEF's child-feeding program in Bangladesh, each youngster receives a daily average of about 3 ounces of the fortified blended foods, which, except for calories, provides about half of his daily nutrient needs.

Including these three grants, the U.S. Government humanitarian assistance committed to Bangladesh in food, cash, medicine, and other supplies totals more than $367 million since the Asian country's independence.

### U.S. Food Show in Tokyo Draws 6,000 Tradesmen

Over 6,000 tradesmen visited the American food exhibitions of consumer products held at the Tokyo Trade Center and institutional foods at the Hilton Hotel, Tokyo, the week of April 16–20. Sixty-two U.S. trade representatives were on hand. On-the-spot sales totaled nearly a half-million dollars, and sales for the next 12 months are projected at $10.8 million.

The exhibitions were co-sponsored by the Pacific Northwest International Trade Council and the Mid-American International Agri-trade Council.

Most participants indicated they would like to take part in similar promotions next year. The State Commissioners of Agriculture involved have requested more space be made available for their activity next year.

## FATS, OILS, AND OILSEEDS

### World Peanut Output Down 9 Percent

World peanut production in 1972 is now estimated at 16.10 million metric tons, 9 percent, or 1.58 million tons, below the previous year's total. The substantial decline in 1972 world peanut output reflects primarily drought-reduced harvests in India, Senegal, Niger, Gambia, Argentina, and the People's Republic of China. This was only partly offset by larger 1972 crops in Nigeria, the United States, Sudan, Brazil, and South Africa.

The 1972 peanut outturn in India is estimated at 4.3 million tons, 1.41 million tons less than the volume of a year earlier.

Among the other major producer-exporter countries mentioned above, but excluding India, production declined by 264,000 tons. This was offset by an equivalent gain among the minor producing countries, however.

Detailed statistics by country will appear in the May 31 issue of *World Agricultural Production and Trade.*

### World Cottonseed Output Up 3 Percent

World cottonseed production for the season beginning August 1, 1972, is estimated at 24.1 million metric tons—3 percent, or 641,000 metric tons above last season. Among the major producer countries, production increases were noted in the United States, the Soviet Union, and the United Arab Republic along with decreases in Mexico, Brazil, Mainland China, India, and Pakistan.

The most remarkable change was in U.S. cottonseed production which increased 31 percent or 1.2 million metric tons above last season. Mainland China's cottonseed outturn, however, reportedly fell to 2.75 million metric tons, a 465,000-ton drop. Cottonseed production in India also was down 14 percent from last season to 2.2 million metric tons.

A more detailed breakdown of country statistics will appear in the May 31 issue of *World Agricultural Production and Trade.*

## LIVESTOCK AND MEAT PRODUCTS

### World Red Meat Output Up 1 Percent in 1972

World red meat production rose 1 percent from 144.3 billion pounds in 1971 to 146 billion in 1972. This rate of increase compares unfavorably with the 1971 increase of 3.5 percent. The largest jumps were in Australia, up 12.9 percent from 4.5 billion pounds to 5.1 billion, and Eastern Europe, up 8.6 percent from 10.6 billion pounds to 11.5 billion. The United States and the EC–6 were down 2 and 3.2 percent, respectively.

World beef and veal production in 1972 reached a new record of 75.8 billion pounds, slightly less than 1 percent above the 1970 record of 75.1 billion, but 1.4 percent above the 1971 level. Production increased in most areas but declined in Western Europe where farmers held back breeding animals to build up their dairy herds.

World pork production rose only 1 percent in 1972 compared with 9 percent in 1971. Pork production increased

sharply in Eastern Europe and moderately in the Soviet Union. It was up only slightly in Western Europe and declined sharply in the United States.

Lamb and mutton production dropped 1 percent from 10.8 billion pounds to 10.7 billion in 1972. Production in most areas declined. High world wool prices and improved weather conditions in wool-producing countries are expected to cause a further reduction in production next year.

Detailed statistics will be included in the May 31 issue of *World Agricultural Production and Trade.*

### Foot-and-Mouth Disease Scare in New Zealand

New Zealand meat inspectors found lesions on the tongues of lambs slaughtered on April 14, and took emergency measures to determine whether the disease was foot-and mouth. It turned out to be an unusual and severe type of scabie mouth, probably caused by mites. However, the 13 sheep farms, which had provided the lambs for slaughter to the Fielding Export works on North Island, have been quarantined and all livestock movement between North and South Islands has been stopped.

As a result of this scare, Australia has halted imports of livestock from New Zealand. Australia imported 2,600 head of cattle from New Zealand in 1971–72 worth $1.4 million.

### Australia Buys Wool To Keep Prices Up

Australian wool prices dropped so sharply in the week ending April 7 that the Australian Wool Corporation bought $2.84 million worth of wool, equivalent to 8.4 percent of the offerings. The drop is attributed to lack of competition from Japanese buyers who reportedly have been instructed by their Government to avoid driving the prices up by only buying wool to meet their actual manufacturing needs, not for speculation.

Revised estimates for shorn wool production now put the 1972–73 (July–June year) Australian wool clip at 1,740 million pounds (greasy basis), down 10 percent instead of the 7-percent decline previously forecast.

## TOBACCO

### Mexico Expands Tobacco Exports

Although seemingly eager to expand tobacco production and exports through the Government-controlled organization, TABAMEX, for all practical purposes Mexico prohibits exports of leaf tobacco as well as manufactured products.

Total Mexican leaf tobacco imports were 20 metric tons in 1972, compared with total exports of almost 15,000 metric tons of leaf.

Mexican exports of leaf tobacco to the United States more than doubled in 1972 to reach a total of 3,756 metric tons, making this country its No. 2 market for light tobacco. West Germany was first with 4,288 metric tons.

The United States was also the leading market for Mexican cigars with 88 percent of Mexico's export market. U.S. imports of Mexican cigars increased from 77.6 metric tons in 1971 to 82.7 in 1972.

## SUGAR AND TROPICAL PRODUCTS

### Austria Produces Bumper Sugarbeet Crop in 1972

Austrian sugar output was a reported 366,000 metric tons in 1972, an increase of about one-fourth over the year before.

The upturn was mainly due to favorable weather which increased both the sugarbeet harvest and sugar content of the beets. Since domestic requirements will be about 300,000 tons during the 1972–73 sugar year, factory inventories will be rebuilt. Stocks were depleted the previous year following a short crop in 1971 that was reduced by drought conditions.

### Malaysia To Boost Sugar Output

A sugarcane project is the largest single undertaking of Malaysia's State Economic Development Corporation in the State of Kedah. Reportedly 3,500 acres are being cleared for growing cane. Another 6,500 acres will be planted to cane in stages, and a further 10,000 acres have been reserved for future expansion. The initial stages are financed under a Federal loan.

Sugar consumption in Malaysia now amounts to about 400,000 metric tons, raw value. Sugar to meet this requirement has been imported—primarily from Cuba, Brazil, India, Dominican Republic, and Australia.

### Sugar Pact Being Negotiated

A series of negotiating sessions is going on in Geneva May 7–30 under the auspices of the United Nations Conference on Trade and Development (UNCTAD).

Purpose of the meetings is to negotiate a new International Sugar Agreement (ISA) to replace the current one which expires at the end of calendar 1973. This agreement came into effect January 1, 1969, however, quota provisions were suspended for 1972 and again in 1973 as world sugar prices rose substantially. A second series of conferences is scheduled for September.

Some of the more important issues to be negotiated are: Quota levels, the supply commitment price, price ranges, base commitments, and the basis for the prevailing price.

A contrasting feature of the current round of conferences, compared with the last negotiating conference in 1968, is that world sugar supplies are tight rather than ample and world prices are now much higher. Another factor that may affect the character of the new agreement is that the enlarged nine-member European Community is now a net importer of sugar, whereas the original six-member EC (not a member of the present ISA) was a net sugar exporter.

## FRUITS, NUTS, AND VEGETABLES

### Mexican Tomato Shipments To United States Are Heavy

Border crossings of Mexican tomatoes into the United States have been exceptionally heavy this season. From October 1972 through about mid-April of this year, crossings totaled 14,438 equivalent car-lots (40,000 pounds per car), 22 percent ahead of the same period of the 1971–72 season.

F.o.b. shipping point prices at Nogales, Arizona, the major border crossing point for Mexican tomatoes, remained high during the forepart of the season until about early February when the momentum of sharply increasing shipments from Mexico began to exert a downward pressure on market prices. Except for brief periods of recovery, the market for Mexican tomatoes has since remained generally depressed. On frequent occasions, f.o.b. prices at Nogales have been as low as 8 to 10 cents per pound.

In an attempt to arrest the downward pressure on prices the Union Nacional de Productores Horticolas invoked a series of controls to limit border crossings. On 12 separate occasions, the association suspended the picking, packing, and shipping of tomatoes, and on another nine occasions prohibited packing and shipping operations (picking was permitted only to discard overripe tomatoes). Each of these suspensions was effective for a 24-hour period. The application of such controls appears thus far to have been largely ineffective in raising prices to more remunerative levels.

During the preceding marketing season (1971–72), the Mexicans employed somewhat similar measures but in addition, invoked stringent quality controls on grades and sizes, as well as color. During the current season, however, quality controls employed have been minimal.

### Argentine Grape Production Off Slightly in 1973

The second official Argentine estimate places grape production in 1973 at 2,550,000 tons, a decrease of 2 percent from 1972. Frost and hailstorms in October 1972 resulted in a 12-percent drop in grape production in the Province of Mendoza, an area which accounts for nearly 60 percent of total grape production. This reduction was largely offset by a 25-percent increase in the Province of San Juan which makes up around 31 percent of total production.

## GRAINS, FEEDS, PULSES, AND SEEDS

### Grain Exports and Transportation Trends: Week Ending May 11

Weekly grain inspections for export and grain moving in inland transportation for the week of May 11 and the previous week were:

| Item | Week ending May 11 | Previous week | Weekly average, April | Weekly average, third quarter |
|---|---|---|---|---|
| Weekly inspections, for export: | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* | *1,000 metric tons* |
| Wheat | 954 | 600 | 726 | 637 |
| Feedgrains | 700 | 695 | 643 | 690 |
| Soybeans | 224 | 342 | 284 | 327 |
| Total | 1,878 | 1,637 | 1,653 | 1,654 |
| Inland transportation: | | | | |
| Barge shipments of grain | 200 | 301 | 360 | 495 |
| | *Number* | *Number* | *Number* | *Number* |
| Railcar loadings of grain | 31,411 | 30,112 | 28,705 | 32,271 |

### Argentine Sorghum Hurt, Exports May Drop

Latest information from Buenos Aires indicates that heavy rains and floods have significantly damaged the current Argentine grain sorghum crop. Availability for export during the April 1972–March 1973 period is expected to be reduced from earlier estimates by 30–40 million bushels. Demand for U.S. exports of feedgrains will probably increase accordingly.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | May 22 | Change from previous week | A year ago |
|---|---|---|---|
| Wheat: | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Canadian No. 1 CWRS–14 | 3.45 | +.9 | 1.98 |
| USSR SKS–14 | (1) | (1) | 1.86 |
| Australian FAQ [2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 3.20 | +13 | 1.88 |
| 15 percent | 3.26 | +12 | 1.98 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 3.16 | +9 | 1.81 |
| No. 2 Hard Amber Durum | 3.40 | +9 | 1.84 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | 1.66 |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 2.39 | +6 | 1.48 |
| Argentine Plate corn | 2.63 | +9 | 1.78 |
| U.S. No. 2 sorghum | 2.29 | +1 | 1.43 |
| Argentine-Granifero sorghum | 2.28 | +1 | 1.44 |
| U.S. No. 3 Feed barley | 1.89 | +7 | 1.19 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 9.27 | +15 | 3.86 |
| EC import levies: | | | |
| Wheat [3] | [4] 1.51 | +5 | 2.00 |
| Corn [5] | [4] .88 | 0 | 1.30 |
| Sorghum [5] | [4] .91 | 0 | 1.34 |

[1] Not quoted. [2] Basis C.I.F. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 23 cents a bu. lower than those of other EC countries.

Note: Price basis 30- to 60-day delivery.

### New Foreign Agriculture Circulars

- U.S. Trade in Poultry and Eggs, 1972 (FPE–1–73)
- Per Capita Consumption of Dairy Products, 1970 and 1971 (FD–1–73)
- World Wool Production and Trade (FW–1–73)
- February's U.S. Trade in Livestock, Meat, and Meat Products (FLM–6–73)
- U.S. Cotton Exports Still Very High in February But Down from January Shipments (FC–10–73)
- Current Status of Cotton and Cotton Product Purchase Authorizations Issued Under Public Law 480 (FC–11–73)

Single copies may be obtained free from the Foreign Agricultural Service, U.S. Department of Agriculture, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202–447–7937.

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## U.S. Registered Holstein Sales Climb *(Continued from page 6)*

85 percent of the milk produced.

When the number and type of animals desired by the importer and the conditions of the sale are agreed on, HFS export coordinators throughout the country begin selection of animals. To complete transactions, HFS draws upon working relationships with major concerns in the export field—transportation services, insurance companies, and financial institutions.

As U.S. Holsteins arrive in the country of destination, HFS representatives monitor unloading. Follow-up visits are made after delivery to insure the cattle's successful adaptation to new conditions and the buyer's satisfaction.

U.S. registered Holsteins have had unprecedented success on Yugoslavia's state farms (see *Foreign Agriculture*, July 24, 1972). To modernize dairying and ease milk shortages, Yugoslavia purchased 80 registered Holsteins through HFS in late 1970.

A second shipment of 804 head of U.S. bred heifers—the largest U.S. export shipment of dairy cattle ever made—was airlifted to Yugoslavia in early December 1971. Yugoslav officials have indicated interest in purchasing many more Holsteins, with the latest shipment set for early 1973.

Spain has been one of the larger importers of U.S. Holsteins through HFS. In addition to the 589 heifers purchased in 1971, 550 registered bred heifers were shipped to Spain in August 1972 (see *Foreign Agriculture*, Nov. 13, 1972) and are now well established on Spanish farms. Another shipment left Richmond, Va., on February 5, 1973.

HFS works closely with other dairy, beef, swine, and sheep organizations, and combined export shipments frequently resemble a small "Noah's Ark." At present, the Hereford, Angus, Brahman, Brown Swiss, and Virginia Swine Breeders associations are working cooperatively with HFS.

Robert H. Rumler, executive secretary of HFAA and president of HFS, indicated that HFS's international marketing efforts have contributed directly to increasing the value of U.S. Holstein-Friesian cattle. Speaking at FAS's National Export Marketing Workshop in March 1973, Rumler stated "HFAA's president, A. C. Thomson, estimates that HFS export activities have increased the value of U.S. registered Holstein-Friesian cattle by an average of $100 per head, and U.S. grade Holsteins by at least $25 per head. Translated into net worth of Holstein cattle, the increase is equivalent to approximately one-half billion dollars."

## World Food Prices *(Continued from page 4)*

As a result, U.S. food prices soared 6.7 percent in the first quarter of 1973. But because increases in 1972 had been held to a minimum, the gain for the full year ending March 31 was not much higher—9.9 percent. These sharp advances continued to be centered around meat-related products—red meats, poultry, fish, and eggs.

However, prices on fresh produce also gained sharply during the period. While the increasing prices have obviously had some dampening effect on demand, per capita food consumption in the United States still appears headed for record levels.

Current Government forecasts indicate that U.S. retail food prices will rise at least 9 percent for all of 1973, compared with earlier forecasts of 6.5 percent. While a turnaround in prices is still in sight later in the year, it will not come as soon as had been anticipated. The record demand evident so far, plus widespread unfavorable weather, account for the forecast.

In Canada, much the same pattern has developed for food prices as in the United States. Although its rise has been more gradual, Canada in the year ended March 1973, recorded an even steeper climb—almost 11 percent—than the United States. Here again, meat prices were major factors, although withdrawal of Japan from the Canadian pork market led to reduced prices of that product during April.

As in the United States, consumer resistance led to a meat boycott, which was considered unsuccessful, as well as to a food price inquiry. Findings of the latter appeared to be inconclusive. A food price review board is being established.



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